



Befesa S.A.

société anonyme

Registered office:

46, Boulevard Grande-Duchesse Charlotte, L-1330 Luxembourg

Grand Duchy of Luxembourg

R.C.S. Luxembourg B 177697

CONVENING NOTICE

The shareholders of Befesa S.A., *société anonyme* (the "**Company**")
are invited to attend the

Annual General Meeting of the Company
on Thursday, 26 April 2018 at 10:30 a.m. CET

at the Sofitel Luxembourg
4, Rue du Fort Niedergrunewald, Quartier Européen Nord, Plateau de Kirchberg,
L-2015 Luxembourg, Grand Duchy of Luxembourg

to deliberate on the following matters:

A. Agenda and Proposed Resolutions for the Annual General Meeting

- 1. Presentation of a special report of the board of directors of the Company (the "Board of Directors") in relation to the conflict of interest declared by (i) the non-executive directors in relation to their respective director's agreement to be entered into between each of them and the Company and (ii) the executive directors in relation to the approval of their compensation package, and approval of the remuneration of each non-executive director in relation to (i) above.**

The Board of Directors submits a report in relation to the conflict of interest declared by (i) the non-executive directors in relation to their respective director's agreement to be entered into between each of them and the Company and (ii) the executive directors in relation to the approval of their compensation package.

The Board of Directors further proposes that the Annual General Meeting approves and, to the extent necessary, ratifies the entering by the Company into a director's agreement with each of the following members of the Board of Directors and of their remuneration, consisting in an annual fee for each non-executive director of EUR 60,000 and an additional annual compensation of EUR 90,000 for the Chairman of the Board of Directors (in his capacity as chairman):

- Mr Romeo Kreinberg (Chairman of the Board of Directors)
- Ms Frauke Heistermann
- Mr Johannes Maret
- Mr Roland Oelschläger
- Mr Manuel Soto
- Mr Georg Graf von Waldersee
- Mr Santiago Zaldumbide

- 2. Presentation of the combined consolidated management and corporate governance reports of the Board of Directors and of the report of the independent auditor (*réviseur d'entreprises agréé*) on the Company's consolidated financial statements as of and for the year ended 31 December 2017 prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union and on the Company's annual accounts as of and for the year ended 31 December 2017 prepared in accordance with Luxembourg GAAP.**

3. Approval of the Company's consolidated financial statements for the financial year as of and for the year ended 31 December 2017

The Board of Directors proposes that the Annual General Meeting, after having reviewed the management report and corporate governance report of the Board of Directors and the report of the independent auditor, approves the consolidated financial statements for the financial year as of and for the year ended 31 December 2017 in their entirety, showing a consolidated net profit of EUR 49,251,477.57 (forty-nine million two hundred and fifty-one thousand four hundred and seventy-seven Euros and fifty-seven Euro cents).

4. Approval of the Company's annual accounts for the financial year as of and for the year ended 31 December 2017

The Board of Directors proposes that the Annual General Meeting, after having reviewed the management report and the corporate governance report of the Board of Directors and the report of the independent auditor, approves the annual accounts for the financial year as of and for the year ended 31 December 2017 in their entirety, showing a loss of EUR 425,541.35 (four hundred twenty-five thousand five hundred forty-one Euros and thirty-five Euro cents).

5. Allocation of results and determination of the dividend in relation to the financial year ended 31 December 2017

The Board of Directors proposes that the Annual General Meeting resolves to approve the distribution of a dividend, payable on 3 May 2018, in an amount of EUR 0.73 (seventy-three Euro cents) per share resulting in an aggregate dividend distribution in an amount of EUR 24,868,694.65 (twenty-four million eight hundred sixty-eight thousand six hundred ninety-four Euros and sixty-five Euro cents) from the distributable reserve consisting of the share premium and to allocate the results of the Company based on the statutory annual accounts of the Company for the financial year ending 31 December 2017 as follows:

	in EUR
Loss for the financial year 2017	(425,541.35)
Losses brought forward	(138,810,329.41)
Allocation to the legal reserve	0
Share premium account	288,744,501.22
Total maximum distributable amount	149,508,630.46
Dividend from share premium (0.73 EUR per share)	(24,868,694.65)

6. Granting of discharge to the members of the Board of Directors of the Company for the exercise of their mandate during the financial year ended 31 December 2017

The Board of Directors proposes that discharge be granted to the members of the Board of Directors of the Company for the execution of their mandates as director of the Company during the financial year ended 31 December 2017.

7. Renewal of the mandates of the members of the Board of Directors

The Board of Directors proposes to renew the mandates of (i) Mr. Romeo Kreinberg (as Chairman of the Board of Directors), Mr. Georg Graf von Waldersee, Ms. Frauke Heistermann, Mr. Johannes Maret, Mr. Roland Oelschläger, Mr. Manuel Soto, Mr. Santiago Zaldumbide as non-executive directors, and (ii) Mr. Javier Molina Montes and Mr. Wolf Lehmann as executive directors for a term of office ending on the Annual General Meeting approving the annual accounts for the financial year ending on 31 December 2021 and to be held in 2022.

8. Appointment/Renewal of an independent auditor for the financial year 2018

The Board of Directors proposes that the auditing firm PricewaterhouseCoopers, société coopérative, with registered office at 2 rue Gerhard Mercator, L-2182 Luxembourg and registered with the Luxembourg register of commerce and companies under number B 65477, be appointed as independent auditor (*réviseur d'entreprises agréé*) to perform the independent audit of the Company regarding the financial year 2018.

9. Authorization of grants of share based incentives

The Board of Directors proposes to approve the Company's Senior Management Compensation Plan and the Company's Long-Term Performance Stock Plan (the "**Compensation Plans**") and to authorise the Board of Directors:

- a. to allocate up to 79.018 of the Company's fully paid-up ordinary shares under the Senior Management Compensation Plan and up to 89.107 performance stock for each of the four Plan tranches under the Long-Term Performance Stock Plan, such shares being either newly issued shares or shares held in treasury, such authorisation to be valid from the date of the Annual General Meeting,
- b. to adopt any rules or measures to implement the Compensation Plans and other performance based grants,

- c. to do or cause to be done all such further acts and things as the Board of Directors may determine to be necessary or advisable in order to implement the content and purpose of this resolution.

B. Further Terms of Documentation, Attendance and Voting Procedure

1. Available information and documentation

The following information is available on the Company's homepage under http://www.befesa.com/web/en/informacion_inversores/annual-general-meeting/ and at the Company's registered office in Luxembourg starting on the day of publication of this convening notice in the Luxembourg official gazette (*Recueil Electronique des Sociétés et Associations*) and in the Luxembourg newspaper Tageblatt:

- this convening notice for the Annual General Meeting 2018
- the total number of shares and voting rights at the date of the convening notice;
- full text of any document to be made available by the Company at the Annual General Meeting 2018;
- the draft resolutions in relation to each of the above agenda points to be adopted at the Annual General Meeting 2018 or, where no resolution is proposed to be adopted, a comment from the Board of Directors; and
- the proxy forms and ballot papers ("*formulaire*s") to be used to vote by proxy and to vote by correspondence.

Shareholders may obtain a copy of the full text of any document to be made available by the Company at the Annual General Meeting 2018 and draft resolutions proposed to be adopted by the Annual General Meeting upon request by mail, fax or email to BNP Paribas Securities Services, Luxembourg branch in its capacity as duly mandated agent of the Company ("**BNP Paribas**").

2. Quorum and majority requirements

There are no quorum requirements to be able to attend or vote at the Annual General Meeting of the shareholders. The agenda items are adopted by a simple majority of the voting rights duly present or represented.

3. Share capital and voting rights

At the time of convening the Annual General Meeting the Company's registered capital amounts to EUR 94,575,646.35 and is divided into 34,066,705 shares.

Each share entitles the holder to one vote, so that the total number of votes is 34,066,705 at the time of convening the Annual General Meeting.

4. Attendance and registration procedure

The shareholders shall, on or before the fourteenth (14th) day prior to the General Meeting at twenty-four (24:00) hours Luxembourg time, i.e. on 12th April 2018 at midnight (24:00 CET) (the “**Record Date**”), submit to **BNP Paribas** (with a copy to the Company at the following email address: AGM@befesa.com) a written declaration of their intention to participate to the Annual General Meeting (the “**Declaration of Participation**”). Any changes regarding their shareholding after the Record Date will not be taken into account.

The Declaration of Participation can be requested from BNP Paribas and downloaded from the Company’s website: http://www.befesa.com/web/en/informacion_inversores/annual-general-meeting/.

In order to be able to register for and to participate to the Annual General Meeting, shareholders are also obliged to submit to **BNP Paribas** (with a copy to the Company at the following email address: AGM@befesa.com) a written certificate of record of share ownership which should include supporting documents as may be requested to evidence title to the shares of the Company held by them at the latest on the Record Date (the “**Attestation**”).

The Attestation can be requested from BNP Paribas and downloaded from the Company’s website: http://www.befesa.com/web/en/informacion_inversores/annual-general-meeting/.

The Attestation must be received by BNP Paribas by fax or by e-mail at the latest on 23 April 2018 at 17:00 CET. Upon receipt of the Attestation within the given deadline, the Company will presume that such shareholder will attend and vote at the Meeting.

Any shareholder and/or proxy holder participating in the Annual General Meeting in person shall carry proof of identity at the Annual General Meeting.

5. Proxy voting representatives

Shareholders not being able to attend the Annual General Meeting in person may appoint a proxy holder to attend the Annual General Meeting on their behalf. The attendance and registration procedure is exactly the same as for shareholders participating personally as mentioned above.

A proxy holder may hold a proxy from more than one shareholder without limitation as to the number of shareholders so represented.

In order to simplify the execution of their voting rights, the Company provides the option of appointing a proxy voting representative named by the Company and bound by the instructions of the shareholder prior to the Meeting.

The proxy forms can be requested from BNP Paribas and downloaded from the Company's website:

http://www.befesa.com/web/en/informacion_inversores/annual-general-meeting/.

The original proxy forms to be used to vote by proxy must be received by **BNP Paribas** on 23 April 2018 17:00 CET, at the latest, including the Attestation stating the number of shares held by the shareholder on the Record Date. Exercise of voting rights of shares in connection with duly filled and signed forms received after 23 April 2018 17:00 CET will not be possible at the Annual General Meeting.

The proxy holder will have to identify himself on the day of the Annual General Meeting by presenting a valid identification card.

6. Vote by correspondence

Furthermore, Shareholders who do not wish to attend the Annual General Meeting and wish to cast their votes by correspondence must request their ballot papers (*formulaire*) to vote by correspondence from **BNP Paribas** after following the registration procedure as mentioned under point 4 of this convening notice or, alternatively, download the form from the Company's website at http://www.befesa.com/web/en/informacion_inversores/annual-general-meeting/, and send the duly completed and signed form to **BNP Paribas** (with a copy to the Company at the following email address: AGM@befesa.com) so that it shall be received by BNP Paribas no later than five (5) p.m. (Luxembourg time) on the day (other than a Saturday or Sunday) on which banks are generally open for business in Luxembourg immediately preceding the day of the Annual General Meeting, i.e. on 25 April 2018, no later than 17:00 CET.

The Company will only take into account ballot papers (*formulaire*) to vote by correspondence received by **BNP Paribas** prior to 25 April 2018, 17:00 CET.

7. Additional important information for shareholders

Shareholders are hereby informed that exercise of voting rights is exclusively reserved to such persons that were shareholders on the Record Date (or their duly appointed proxy holders). Transfer of shares after the Record Date is possible subject to usual transfer limitations, as applicable. However, any transferee having become owner of the shares after the Record Date has no right to vote at the Annual General Meeting.

Shareholders holding individually or collectively at least five per cent (5%) of issued shares capital of the Company may request the addition of items to the agenda of the Annual General Meeting and to table draft resolutions for items included or to be included on the agenda of the Annual General Meeting by sending such request at the latest on the twenty-second (22nd) day before the date of the Annual General Meeting, i.e. on 4 April 2018 to the address, fax number or email address of BNP Paribas (with a copy to the Company at the following email address: AGM@befesa.com).

Such request will only be accepted by the Company provided it includes (i) the wording of the agenda item, and or the wording of a proposed resolution pertaining to the items included or to be included, and (ii) an e-mail address or a postal address to which the Company may correspond and confirm receipt of the request.

Where the requests entail a modification of the agenda for the Annual General Meeting already communicated to the shareholders, the Company may make available a revised agenda the latest on the fifteenth (15th) day before the date of the Annual General Meeting, i.e. on 11 April 2018.

This convening notice was made available to (i) registered shareholders that were known by name and address to the Company on 23 March 2018, if any, (ii) the members of the Board of Directors of the Company and (iii) the independent auditor (*réviseur d'entreprises agréé*) of the Company.

Subject to compliance with the threshold notification obligations provided for by the Luxembourg law of 11 January 2008 on transparency requirements for issuers of securities, there is no limit to the maximum number of votes that may be exercised by the same person, whether in its own name or by proxy.

The results of the vote will be published on the Company's website within fifteen (15) days following the Annual General Meeting.

8. Contact details of BNP Paribas

The contact details of the centralizing agent duly mandated by the Company to receive the Declaration of Participation, the Attestation, the proxy forms, the ballot papers, proposals of additional agenda items and proposed resolutions pursuant to this convening notice are as follows:

BNP Paribas Securities Services Branch Luxembourg

Corporate Trust Services

60, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg

Postal address: L-2085 Luxembourg, Grand Duchy of Luxembourg

Tel: + 352 26 96 2389 Fax: + 352 2696 9757

Email: lux.ostdomiciliees@bnpparibas.com

Luxembourg, 23 March 2018

Romeo Kreinberg

The Chairman of the Board of Directors